MONTHLY NOTES

FARM MANAGEMENT AND FARM ECONOMICS

April 1, 1922.

DURING THE MONTH past, conditions have shown more improvement than in fifteen months preceding.

Prices of grain, hogs, and cotton have held a good share of their gains. The Far West once more revives a perennial hope in sheep and cattle.

The East, however, is beginning to worry a little at sagging prices of dairy products and potatoes.

Stocks of grain on farms are lower than last year.

The close balance in world wheat supply and demand leaves possibilities of strong wheat prices before the new crop.

Business in general is more active, in spite of textile strikes and the threatened coal strike. Railroad car loadings have steadily increased.

Farm plans are said to look like a bigger cotton acreage; corn, wheat and potatoes about the same; considerably more pigs; more poultry.

PRICE INDEXES FOR MONTH ENDING MARCH 1 are given below. Farm products from Department of Agriculture; commodity groups from Bureau of Labor Statistics. The figures are all relative to the year 1913, which is taken as the base or 100:

Farm Products
(Prices at the farm)

	Jan.	Feb.
Cotton	125	127
Corn	77	92
Wheat	124	149
Hay	103	107
Potatoes	179	183
Beef cattle	81	86
Hogs	93	110
Eggs	164	132
Butter	127	128
Wool	108	132

Commodity Groups
(Wholesale prices)

	Jan.	Feb.
Farm products	116	126
Food, etc.	134	138
Cloths & clothing	183	183
Fuel & lighting	183	183
Metals & met. products	117	115
Building materials	202	202
Chemicals, etc.	159	159
House-furnishing goods	214	213
All commodities	148	151

THE TREND OF PRICES up to March 1 showed some genuine signs of stabilization. That is, some products at the bottom of the list like corn, hogs, and beef cattle, came up a trifle more in line with other basic things. It is significant how commodities like furniture, building materials, fuel, clothing, and so on, resist the downward pressure. Which is another way of saying that organized labor and organized industry will take almost unlimited punishment in the form of unemployment and business stagnation before they will accept wage or price reductions.

If this unyielding persists on the part of important manufactured products, we may look for further rise in prices of farm products. These fundamental price relationships are not going to stay out of line indefinitely any more than it is going to be winter indefinitely.

In connection with the advance in grain, hogs, and cattle, it is not a little interesting to note the many explanations therefor. We are also impressed of how little anybody really knows what individual prices are going to do next. After absorbing all the talk regarding boards, corporations, politicians, exchange rates, freight rates, shipping, speculation, marketing, credit, profiteers, Wall Street, propoganda, and sunspots, - we personally still cling to an old-fashioned notion that demand as related to supply is a good thing to keep an eye on when a man is about to bolt on the new plow-points.

MORE THINGS HAVE HAPPENED IN NEW ENGLAND than in most other sections. That is, they have been happening longer. New England has been over the top, agriculturally, and down the other side. And the place to study economic readjustments is where some of the same have taken place.

This Office is starting a general survey this month in cooperation with the Vermont State College Extension Service, which is to be carried on over a period of years. It should give an accurate cross-section of New England's dairy type of farming - which is her greatest bid for a stable farm business since the opening up of the West forced her to readjust.

AN ECONOMIC STUDY IN THE NORTHERN GREAT PLAINS AREA will also get under way this month. The economic problems of the Spring Wheat Country as well as the Range Country farther west are being studied from several angles. Messrs. Strait, Washburn, and Reynoldson of this Office are leaving for Montana in a few days in connection with this project, which will be carried out in cooperation with Montana State College of Agriculture.

RELATIVE PURCHASING POWER

(At February 1922 Farm Prices)

1913 = 100

In terms of:	Cotton	Corn	Wheat	Hay	Potatoes
All commodities	84	61	99	71	121
Cloths, etc.	69	50	81	58	100
Fuel, etc.	69	50	81	58	100
Metals, etc.	110	80	130	93	159
Bldg. material	63	46	74	53	91
House-furnishing goods	60	43	70	50	86

	Beef cattle	Swine	Eggs	Butter	Wool
All commodities	57	73	87	85	87
Cloths, etc.	47	60	72	70	72
Fuel, etc.	47	60	72	70	72
Metals, etc.	75	96	115	111	115
Bldg. material	43	55	66	64	66
House-furnishing goods	40	52	62	60	62

THE TREND OF PURCHASING POWER during February continued upward for the West, speaking roughly. The Corn Belt, The Wheat Belt, and the range country all felt the stimulation of better prices for grain, livestock, and wool. Eastern products eased off a trifle in purchasing power, as did cotton one point. Farm products as a whole had a purchasing power for February of 83, as against 78 the month before - which is one of the biggest jumps in five years.

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MOVEMENT OF POPULATION FROM FARMS in New York State has practically ceased this year. Dr. Warren's annual investigation shows that during last year 17,000 men and boys left the farms to go into other industries, while 14,000 who had been working in other industries moved back to the farms. The net loss from farms was about one-eighth that in both 1920 and 1919. Lack of opportunity in industry is looked upon as the chief reason back of this.

AS TO APPLES: considerable discussion has gone the rounds over the census disclosure that number of bearing trees decreased 36,000,000 in the ten years since 1900, and trees not bearing ditto nearly 30,000,000.

It appears that the apple tree shrinkage has taken place chiefly in the Ozark Region (13 million less in Missouri and Arkansas), and among the farm orchards of the East and Central West. The commercial regions like the Pacific States, New Jersey, Maryland and Virginia, have more trees. The commercial apple crop is about as big as ever.

The well informed fruit men here in the Department say that conservative planting of orchards is good policy now. That is, always provided a man knows something about apple growing and is favorably situated as to region, land, etc.

They lay some stress on "region", in view of the present freight rate conditions. The freight rate on apples per 100 lbs. from Western New York to New York City is 31½¢. From the Virginia districts to Philadelphia it is 40½¢. From Hood River and Wenatchee to New York or Philadelphia it is $1.67. Eastern growers made money last year selling their apples at an f. o. b. price less than the freight rate alone from the Pacific coast.

TO HAVE AND TO HOLD. That is the thing that interests us all - labor, business, farmers, everybody. To pull ahead a few lengths and then to consolidate the gains - that is, in fact, civilization.

Agriculture made some gains during the past eight years. It may be that the problem now is to hold them through a possible period of harder times.

I have been interested to talk with Dr. C. J. Galpin of this Office along this line. Dr. Galpin is perhaps one of the best informed observers in the United States relative to the social aspects in rural affairs. He speaks of the disposition among county and state legislators to cut down appropriations for schools, and to cut out appropriations for county nurses, county health and sanitation. He seems to feel that, while everyone wants taxes cut to the reasonable limit, yet movements are on foot which may cost us serious set-backs. Rural advancement has been too long a time coming and too much of a struggle to allow much slipping back, if it can be helped. Perhaps it is of some importance to keep an eye on matters so vital as education. The gains - once real gains have been made must be held.

TWO OR THREE WEEKS AGO WE ASKED DR. HIBBARD, head of the Department of Agricultural Economics at Wisconsin, for a short statement on the general agricultural situation and outlook this spring. Although this statement was written before the recent shifts in prices of grain and hogs, it is too much to the point not to be passed along.

THE AGRICULTURAL SITUATION

B. H. Hibbard

"With the farmers' purchasing power during six months preceding February, 1922, about two-thirds of what it was in 1913 there is every reason to ask what of the future. Many farmers are bankrupt, and a much larger number are unable to meet their obligations. It is not strange that this desperate situation has brought out a considerable list of remedies. There have been attempts to enlist the direct aid of the government in some measure of relief. Other plans involve action by the farmers themselves. A third plan, if plan it can be called, is that of awaiting the natural and inevitable readjustment through which the balance must be restored.

"The first plan, that of direct government aid, appeals strongly to a few people who believe that the government is all-powerful and can perform wonders in the economic world. Those with feelings of an opposite character, with almost a fatalistic doctrine, are willing to await the passage of time, which will, in one way or another, heal all sorts of wounds. Between these two extremes are those with faith in both time and government but who believe the most active agency should be the farmers' own organized effort.

"Something is coming from each of these means. The government is lending significant encouragement and help in credit and in legislation concerning marketing. It remains for someone of statesmanlike proportions to bring order out of the railroad chaos and so shorten the distance from farm to market by a quarter or a third. The efforts of farmers' organizations promise significant savings in marketing costs.

"Best of all the situation is changing greatly for the better without any conscious effort on the part of any organization. We have talked about a hopeless surplus of corn and the ruinously low price, yet right now corn is worth 70 or 80 cents, and possibly a dollar, fed to hogs. It is worth 60 or 70 cents used as dairy feed. These prices will not make the farmer wealthy, but they mean recovery from the deplorable condition of the last few months. Wheat is not high, but it has reached a figure which means ability of the farmer to meet some of his obligations. Dairy products are not promising much in the way of high prices, but on the other hand, the depression in dairying has not been so bad as in most other kinds of farming.

"Looking ahead for a period of years the prospects in farming are decidedly good. The people are going to want food, and the farmers will soon be producing nothing more than normal amounts. With intelligent means of marketing, and improved transportation facilities the share of the consumer's dollar going to the farmer will soon be as high as ever."

Cost of producing hogs and beef cattle is being studied by this Office on a group of farms in the heart of the Corn Belt. Mr. R. D. Jennings has just returned from an inspection of 53 of these farms and gives below a little summary of Corn Belt outlook. It may be taken as a rather accurate slant thereon.

SOME RECENT OBSERVATIONS OF CONDITIONS IN A CORN-BELT LIVESTOCK AREA

R. D. Jennings.

"A survey of the farm business from March 1, 1921 to March 1, 1922 on 53 farms in West Central Illinois (Warren County) and South East Iowa (Henry County) on which a study of the cost of producing pork was carried on during the last year has just been completed. These areas are representative of good corn belt livestock sections where pork production is a major enterprise.

"The farms of these areas are very well improved. Farms sold this spring on forced sale brought $250-300 an acre. About a third of these farmers are tenants and about one-half of the farmers owning land, rent additional land. The size of the farms operated ranged from 60 to 600 acres, most of them being from 120 to 200 acres in size. In other words they are mostly one man farms with four to six months hired help during the summer. A representative 160 acre farm had 70 acres in corn, 30 acres in oats, 16 acres in hay, and 44 acres in pasture last season. Only 10 per cent of the farms raised any wheat last year. Considerable corn is shelled and sold. Hogs are an important enterprise, the average farm keeping about 20 sows. Some stock cattle are kept and some steers are bought to feed out. More feeding was done this winter than during the past two years.

"Some general observations of the attitude of these farmers to the coming season may be of interest. Somewhat more corn is being held for feed than a year ago. The amount sold will depend of course on the price of corn, the pig crop this spring, and the prospects for the new crop during the summer. A significant fact, however, is that about 15 per cent more brood sows and gilts have been bred for the spring pig crop than a year ago. It was too early to get a line on the pig crop as only a few sows had farrowed. Nearly all the farms had some fall pigs but there were few stock hogs on the farms March 1. No specific inquiry was made as to the corn acreage to be planted this spring, but no tendency toward a reduced acreage or an increase in the acreage was observed.

"Notwithstanding the fact that only about ten of these farmers had sold any hogs during the recent rise in the market or had any on hand March 1 ready to ship, the influence of the advance in price of corn and hogs was very noticeable in the attitude which the farmer is taking towards the year that is before him. There is a noticeable feeling of optimism among these men. They feel that they have turned the corner and have a better year ahead of them. An interest in cutting their cost of producing pork was evident in the study that they gave to our figures on the costs on the different farms."

MORE HOGS (BREEDING STOCK) IN MISSOURI. "The usual conditions will follow in Missouri as other places. With hogs at a fair price naturally breeding stock will be pushed this spring with a result of an over supply of stock with the resulting cycle of supply and demand. Money conditions are still acute in Missouri, especially south of the Missouri River."

John Sheay.

MORE SOWS BRED IN ILLINOIS. "The consistent strength which the price of hogs has shown, has universally made hog feeding popular. Most every farmer who had sows or could obtain females of breeding age, has bred them for spring litters. At the bred sow sales held in the state during the winter, bidding has been brisk and good sale averages have been made. Some experienced hog men however, predict a break in the price of hogs next fall, when these big spring litters are put on the market, and there seems to be a disposition right now on the part of most of them, "to get while the getting is good."

"In view of the strength shown in the price of livestock products, it does not appear now that there will be much shifting in the cropping enterprises in those sections of the state where livestock enterprises predominate; namely - in the dairy district in Northern Illinois; mixed farming region in Western Illinois; and in the whole milk district around St. Louis in Southern Illinois, In these sections the farmers will likely grow about the same crops and in about the same proportions that they have been growing. In these sections they have rather definite systems of farming established already. Their farms are equipped with buildings and machinery necessary to carry through the system and there is not much likelihood of many radical changes being made. The acreage seeded to legume crops will likely increase somewhat. This increased acreage will come about through a slight reduction in corn acreage in some cases, and in replacement of part of the oats crop with soy beans and cow peas.

"In the northern part of the state the acreage in spring wheat may likewise be slightly increased. In the livestock region the increase in legume acreage will be stimulated largely through a desire on the part of most every one, to cut down operating expenses and bolster up the fertility reserve, and likewise to cheapen livestock production through the use of cheap legume forages.

"In East Central Illinois in the corn belt proper, the situation is a little different but not materially so. Here, where grain farming is the predominating type, it appears that the acreage of corn and oats will be cut somewhat. The acreage thus reduced will be replaced by some legume. There was probably an increase in the winter wheat acreage last fall in this state, and that too will bring about a percentage decrease in the corn acreage. Liekwise, most of this winter grain will be seeded down this spring, consequently the legume acreage will be increased by that much. Farmers having good rotation pastures that have run for one year or more are not plowing them up if they give any promise of worth for pasture for the coming year. Just how much the corn acreage is being reduced through organized effort it is difficult to state, but men who are informed seem to think that for the state as a whole there will not be more than a 5% reduction in the corn acreage. I don't think it

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will be over this, and very probably under. The reduced grain acreage will be largely replaced by annual legumes, like soy beans and cow peas. Soy beans is attaining considerable popularity in all sections of the state for use as hay, seed, green manure crop or for hogging. There also appears at this time to be a possible market for some of the seed for commercial uses. Staley at Decatur, and one or two other plants have announced their intention of taking over quite a large per cent of the supply for their oil content, etc.

"We have experienced a very mild winter in Illinois this year and there has been some complaint, especially in the southern part of the state, of damage to winter grain that is seeded. The alternate freezing and thawing has lifted some of it out of the ground. I do not think, however, that this damage is sufficiently great to cause much loss in the wheat crop. However, in the cases where the wheat is damaged enough to make it unprofitable to leave it, it appears that this acreage would be put into cow peas or soy beans or into corn or oats."

F. F. Elliott.

MORE COTTON, HOGS, TOMATOES IN TEXAS. "It seems probable to me that the cotton acreage will be increased considerably over last year, but I do not think it will be as large as it was the year before. Although, the price was fairly satisfactory the farmers almost universally lost money on the crop due to the small yield per acre. It seems probable that there will be a large increase in hogs this year, due to the fact of the liberal ratio between hogs and corn and grain sorghum prices in West Texas. At the present farmers are getting about 50 per cent more for their corn and grain sorghum when marketed through hogs, than they would have received if they had marketed it as grain.

"The tomato acreage in East Texas will be about 25 per cent increased over last year, due to the fact that the Tomato Growers Exchange functioned admirably its first year, which was last year. The tomato growers tell me that they are convinced that if there is any money in tomato crops they will get it themselves and will not have to bother individually with cash buyers.

"Credit seems to be easing off among the cattle men. They are not being pressed so hard to make payments, and are being able to negotiate new loans. The farmers seem to think that the worst is over and hope is increasing in proportion to increasing prices of the various commodities. Farm labor is now at a pre-war rate and there is plenty of it."

M. M. Daugherty.

POSSIBLY MORE DAIRYING AND ALFALFA IN MICHIGAN. "We are a diversified State and it is my feeling in general that there will be no appreciable change in the farming system as a result of economic conditions. There is a growing sentiment to increase dairying and the acreage of alfalfa in the State and slightly to cut down potato acreage."

H. B. Killough.

DAIRY AND POULTRY MEN OPTIMISTIC IN NEW YORK. "Farmers are not planning to curtail or increase the crops that have commonly been the leaders.

"There will be planted about the usual acreage of the leading cash crops and of the leading feeding crops.

"Up to the present time livestock has probably been increasing somewhat. This perhaps is not so much an increase as a holding over of stock that is usually disposed of in the fall - the result of the very low prices for "canners and bolognas." The dairy regions which increased their herds substantially during the war are on the decrease somewhat now. The chief dairy sections however, have considerable confidence in the future of their business and will probably keep as much stock as ever this summer. There is a great deal of interest in poultry and apparently a considerable tendency to increase flocks on the strength of the good egg market for the past few months.

"I believe that New York State farmers, as a whole, are feeling optimistic. Many of our products are selling for good prices. Labor is more plentiful and a little cheaper. Fertilizer is a little cheaper. The big exceptions to this are the regions where hay is the chief source of income. We had a short crop of hay with a low price. The hay growers are feeling discouraged and very uncertain about their markets for the coming years."

C. E. Ladd.

MILK AND CASH CROP SITUATION NOT VERY GOOD IN MASSACHUSETTS. "The farmers of Massachusetts have been very slow in formulating their plans for this spring's work. This has been due largely to the uncertainty of the fertilizer market and also to the big upheaval in market milk conditions.

"The farmers of this state are heavy users of commercial fertilizers and prices quoted at the beginning of the season were proportionately very high. Consequently our farmers delayed placing their orders. In the Connecticut Valley where the farmers specialized largely in tobacco and onions, the outlook is very unsatisfactory. The tobacco market for the last two years has been very poor. Some farmers are still carrying two years tobacco and others have been forced to sell at a price far below the cost of production to meet last year's fertilizer bill. One agent alone reported that he had $180,000 in outstanding bills. The banks have been fairly liberal in carrying the farmers over this critical period but in some cases they are hesitant at assuming new obligations. Onions have sold at a fairly high price during the season but most of the increase in price has been taken up by the speculators and warehouse men and has not reached back to the farmer. Yield was practically one-half normal and consequently this crop did not make up to any great extent, the loss on tobacco. Naturally the farmers are considering seriously their plannings for the coming season.

"Connecticut Valley land is too valuable to grow many other crops than tobacco and onions and consequently there will be not much change in acreage although some decrease in tobacco acreage is contemplated. If 1922 is not a successful year, farmers in this section will be left in rather a bad financial state.

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"The dairymen of the state have been meeting more or less difficulty in marketing their milk. A big surplus, due to an increase in the number of cows and competition from cooperative creameries in Northern Vermont, has made the markets very unsatisfactory. Many milk dealers have failed to keep up their barns and are back two, three, and sometimes, four months with their milk checks. This means that the dairymen have to be conservative in making their financial plans. A low price for dairy cows has restricted either the decrease or the exchange of cattle and probably many of the farmers will carry over their stock mainly on pasture with a low purchase feed expense this summer. Many markets are considering formation of cooperative milk plants because the farmers appreciate that with a poor milk market their business is greatly hampered. Probably by next fall there will be some decrease in the number of dairy cows unless market conditions greatly improve."

A. F. MacDougall.

PROBABLY MORE BREEDING STOCK AND ALFALFA IN MONTANA. "Montana agriculture naturally divides itself into three types; general irrigated farming, dry land grain farming, and livestock ranching. So far as I am able to learn there will not be much change in the cropping plans of the general irrigated farmer. There is a tendency however, for him to increase his alfalfa acreage and get back to the normal proportion of alfalfa obtained prior to the war but which was cut down in increasing the acreage of small grains and beets.

"With the dry land grain farms conditions vary, depending upon the sections. In come districts there has been almost a continuous drouth for the last five years and this coupled with low prices is forcing considerable marginal land out of cultivation. Other reduction in the dry land wheat acreage is taking place because of the lack of credit. Just what the reduction in wheat acreage will be is hard to estimate but without doubt will be quite perceptible. No virgin lands will be broken this coming year consequently the flax acreage will be very small. Tractors are going out of use except on the best managed, most favorably located farms.

"With the livestock ranchers there undoubtedly will be an increase in breeding sheep and breeding cattle. If beef prices this fall are fairly satisfactory cattlemen will unload a lot of three and four year old steers which would have been marketed last fall, or in some cases a year ago, but were held over awaiting higher prices. If this stock is marketed the total stock population of the state will show a decrease but on the other hand this should not be interpreted as meaning a decrease in breeding stock. Hogs are coming back in the irrigated sections. There is almost no activity in horse breeding."

M. L. Wilson.

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A TERSE SUMMARY FROM CALIFORNIA. "In the Imperial Valley, the farmers are just barely recuperating from their plunge into cotton during the war time. They are gradually working back into alfalfa and the dairy business. It is expected that during this year quite large areas will be planted to grapes and grape fruit. Due to the excessive amount of tenant farming in the Imperial Valley, we find a rather unstable economic situation there and most of the farmers do not plan ahead very far. It is estimated that the average number of years that a farmer and his family remain in the Imperial Valley is three years.

"In the citrus belt of Los Angeles, Riverside, San Bernadino and Orange counties, we find a rather disturbed situation at the present time due to the very severe freeze that they had in January. The lemon trees were so badly frozen that it will be necessary to pull up a large number of the trees. The orange crop for this year was about a seventy-five per cent loss and the crops for 1923 will be affected by the freeze. The sugar beet growers of the same counties will decrease their plantings very materially this year. The growers will also decrease their planting of corn, particularly Egyptian.

"In the San Joaquin and Sacramento Valleys, the tendency is toward increased plantings of grapes and the amount of general farming is comparatively small. There is a marked tendency on the part of the hog growers to increase the number of breed sows.

"Speaking of conditions in general, there is a tendency for the farmers to be somewhat pessimistic but I feel that conditions in this State are as good if not better, than in most of the States. Most of the cash crops in this State may be termed, fruit crops."

R. V. Wright.

MORE LIVE STOCK IN WASHINGTON. "Live stock in the state in increasing rapidly. This is because butter fat has been at a very good price throughout the year; while hogs and beef cattle are high enough now to make them profitable on our farms. With the recent rise in the price of wheat many farmers will continue in the irrigated sections to grow considerable of that crop. Our farmers are very optimistic of the coming year."

R. N. Miller.

A. B. Genung
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